

# Analysis of Regional Economic Conditions 2021 Update

## Overview

Under federal law, the Coastal Counties Workforce, Inc. (CCWI) is required to routinely update the Coastal Counties Workforce Region's local workforce investment plan, however the ongoing COVID-19 pandemic has disrupted the economy and there is still a great deal of uncertainty around the recovery. The economy is expected to recovery more quickly than previous economic crises but, it will take another year or two before we will fully be able to understand the challenges persisting in the labor market, which industries will resume growth, and which occupations will be in most demand. Such unprecedented times are not ideal to evaluate and inform the direction of the local workforce plan or make long-term investment decisions. To help inform CCWI's work until a full analysis can be completed sometime in 2023, the Center for Business and Economic Research (CBER) at the University of Southern Maine prepared the following report that provides short-term analysis to update components A, B and C of Section 1: Strategic Planning / Regional Analysis. This work is intended to serve as an Appendix to the original work product rendered in 2015 and updated in 2019, by CBER. As previously stated, a full analysis will come sometime in 2023 when data is hopefully less distorted by the COVID-19 pandemic.

The following analysis is grouped and presented in the same order as it appears in Section 1: Strategic Planning / Regional Analysis. The first section (A) discusses regional economic conditions, the second (B) knowledge and skills, and the third (C) workforce conditions.

## (A) Economic conditions

### Regional Economic Conditions and in-demand industries

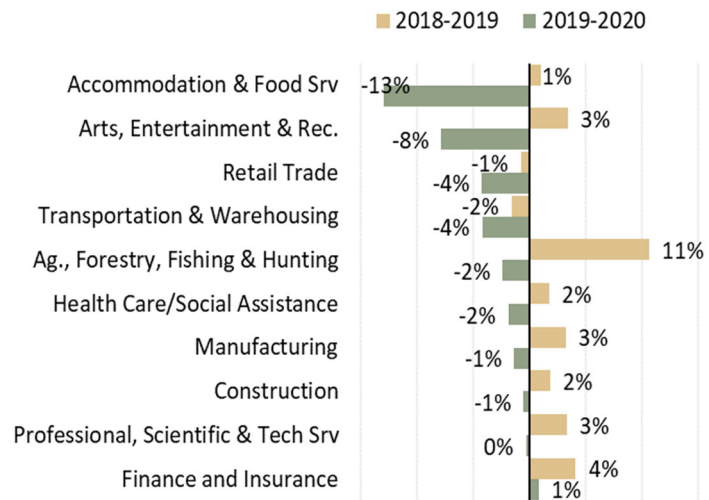
The success of the CCWI's workforce strategy is contingent upon how well it responds the region's changing industry and employment sector strengths over time. Due to the economic crisis and uncertainty caused by the ongoing COVID-19 pandemic it is hard to capture and anticipate change since everything is still happening in real-time. Though, we do know where the impacts have been and that there is promise of reopening soon as social/physical distancing measures ease but, nonetheless, there is uncertainty around the recovery. Salient observations include:

**Industry Employment:** Since the previous reporting period (2019), annual industry employment decreased by 2% from 330,058 in 2018 to 323,416 in 2020. Virtually all of this loss occurred during 2020, as the fallout from the global pandemic impacted Maine and the CCWI region. While most job loss occurred during 2020, several industries including retail, transportation & warehousing, information, and several industries within administrative support services (i.e., office administrative, employment, and travel arrangement & reservation) were already experiencing decline and the pandemic further accelerated existing trends.

**Industry Employment Composition:** The region's overall industry employment composition remains the same: healthcare, government, and retail are the top three dominant industries by employment size. Highlighted industries in Table 1 indicate 50% or more are employed in the CCWI region. The region itself contains 51.2% of the state's total employment base.

**Industry Employment Specialization:** Many of the region’s relative industry and employment sector strengths have been the most vulnerable to economic disruption. State and local stay-at-home orders, as well as physical/social distancing measures, have taken a significant toll on the region’s tourism-based industries of retail trade, arts, entertainment & recreation, and accommodations & food services. Healthcare was also one of the most impacted industries, at least early on, primarily because all elective procedures and appointments were cancelled due to physical/social distancing measures. To date, healthcare has mostly recovered job losses.

**Figure 1: One-year employment change in the CCWI Region by major industry classification**



Source: CBER, EMSI, 2020.1

**Industry Employment Trend:** Strong demand continued for goods-producing industries such as manufacturing, agriculture, forestry, fishing & hunting, and construction despite the loss of employment in 2020 (Figure 1). With the exception of construction, these industries all continued to outpace growth at the national level (Table 1).

**Table 1: Employment, growth, and wages in the CCWI Region by major industry classification, 2020**

Industry Description	Jobs	Growth '18 - '20		Avg. annual wage	
		CCWI Region	United States	CCWI Region	United States
Accommodation and Food Services	30,356	(12%)	(8%)	\$29,201	\$25,909
Other Services (except Public Administration)	13,718	(4%)	(2%)	\$36,008	\$37,439
Arts, Entertainment, and Recreation	4,860	(5%)	(10%)	\$38,234	\$51,266
Retail Trade	37,933	(5%)	(5%)	\$39,752	\$41,847
Administrative/Support & Waste Mgmt./Remediation	13,887	(11%)	(3%)	\$47,445	\$52,656
Educational Services	9,327	(3%)	(1%)	\$47,598	\$54,459
Agriculture, Forestry, Fishing and Hunting	2,432	8%	0%	\$48,306	\$44,941
Transportation and Warehousing	7,348	(6%)	6%	\$55,850	\$68,863
Real Estate and Rental and Leasing	4,219	(1%)	1%	\$59,472	\$72,516
Health Care and Social Assistance	50,188	(0%)	1%	\$66,018	\$64,024
Construction	15,748	1%	2%	\$66,323	\$77,886
Government	48,107	1%	0%	\$73,686	\$80,976
Information	4,038	(7%)	(0%)	\$77,206	\$144,699
Manufacturing	29,579	2%	(2%)	\$79,651	\$87,788
Wholesale Trade	9,659	(3%)	(1%)	\$85,071	\$94,640
Professional, Scientific, and Technical Services	16,813	3%	3%	\$101,512	\$118,482
Finance and Insurance	17,061	5%	3%	\$103,409	\$133,499
Management of Companies and Enterprises	7,496	12%	1%	\$112,474	\$147,913
Utilities	551	4%	(1%)	\$129,537	\$156,674
<b>Total jobs in CCWI Region</b>	<b>323,322</b>	<b>(2%)</b>	<b>(1%)</b>	<b>\$64,144</b>	<b>\$72,750</b>

Source: CBER, EMSI, 2020.1 – includes QCEW employees and non-QCEW employees. Note: Highlighted industries indicate 50% or more are employed in the Region. The region itself contains 51.2% of employment.

**Business closures:** We do not know exactly what the number of lost businesses in the region will be but, given the nature and small business orientation in the most impacted sectors, the number of closures could be severe. However, some national research suggests business closures have been less severe nationwide than feared.<sup>1</sup> On a positive note, we could expect a wave of entrepreneurship and new business openings to increase as the recovery starts.

**Wages:** Wages still follows a similar overall trend from previous the reporting period including wage disparities that remain a key challenge for attracting workers from outside the state. Overall, the average wage increased by 3.6% since 2018 and by 2% (\$1,234) from 2019 to 2020. Significant disparities across several industry sectors exist. From 2019 to 2020, wages decreased in agriculture, forestry, fishing & hunting by 7.9% (\$4,153) and by 2.1% (\$2,448) in management of companies & enterprises. Wages remained stagnant or slightly increased in all other industries; most notably by 1.3% (\$3,513) in the information sector, 3.6% (\$3,513) professional, scientific & technical services, 4.1% (\$1,518) arts & entertainment, and by 2.4% (\$915) in retail trade.

### *Other Industry Employment Trends*

Employment in many technology/knowledge driven industries – including professional, scientific & technical services, finance & insurance, and management of companies & enterprises – have been less susceptible to disruption in 2020; from 2018 to 2020, employment increased by 3%, 5%, and 12% respectively, outpacing growth at the national level. The regional share of employment concentrated in finance & insurance and management of companies & enterprises industries is significantly higher than national shares. *So what do these industries have in common that made them more resilient to economic uncertainty? A few common themes include:*

- Nature of work allowed for an easier transition to online/remote work
- The types of jobs typically require higher education levels thus higher average annual wages
- Higher barrier to entry in terms of education

In contrast, employment levels for traditionally lower paying industries – including retail and accommodations & food services – have dropped significantly from 2018 to 2020, by 5%, and 12% respectively. Virtually all of this loss occurred during 2020, as the fallout from the global pandemic impacted Maine and the CCWI region. Losses in the region’s accommodations & food services industries outpaced losses at the national level, which declined by 8% (Table 1). *So what do these industries have in common that made them more vulnerable? A few common themes include:*

- Nature of work does not allow for a transition to online/remote work
- Hit hardest by the COVID-19 pandemic, characterized by face-to-face/in-person services
- Many of these type of jobs were characterized as “non-essential”. Those working in some industries within retail such as grocery stores were characterized as “essential” front line workers
- Lower barrier to entry in terms of education

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<sup>1</sup> <https://www.reuters.com/business/pandemic-destroyed-fewer-us-firms-than-feared-fed-study-shows-2021-04-16/>

## Targeted industries for workforce development programming<sup>2</sup>

The region's targeted industries were virtually all significantly impacted by the pandemic, though manufacturing and healthcare have recovered a fair amount and tourism is expected to begin recovering this summer into the coming years. Construction was not impacted negatively however, growth was limited largely due to labor force constraints as the market for home remodels and capital investments has increased during the pandemic. Anecdotal evidence from the industry suggests this is a big challenge.

## Occupational overview

The region's largest occupational groupings remain unchanged (i.e., office and administrative support, sales and related, and food preparation & serving related) and are consistent with industry specializations discussed above (Table 2). The region's life, physical, and social science, and farming, fishing & forestry occupations grew at a pace faster than the nation. The impact of COVID-19 on workers varied based on the nature of work and physical proximity to others. Consumer-facing occupations with on-site face-to-face interactions were most significantly impacted; many of these jobs tended to be low wage service jobs. Similarly, women were more likely to be impacted by the pandemic and therefore occupations more typically done by females may reflect those conditions.

**Table 2: Summary of major occupational groupings in the CCWB Region, 2020**

Occupations	Jobs, 2020	% Change <u>2018-'20</u>		Median hourly wage
		CCWI Region	United States	
Office and Administrative Support	43,609	(4%)	(3%)	\$18.11
Food Preparation and Serving Related	29,602	(9%)	(7%)	\$12.90
Sales and Related	28,673	(6%)	(4%)	\$14.50
Transportation and Material Moving	22,199	(1%)	1%	\$15.60
Healthcare Practitioners and Technical	20,766	3%	1%	\$32.84
Educational Instruction and Library	19,915	(2%)	(1%)	\$22.35
Management	19,761	0%	4%	\$43.06
Production	19,082	(2%)	(3%)	\$19.19
Healthcare Support	17,025	1%	3%	\$14.72
Business and Financial Operations	15,737	4%	4%	\$31.58
Construction and Extraction	14,619	1%	0%	\$21.92
Installation, Maintenance, and Repair	13,355	(1%)	(1%)	\$21.99
Building & Grounds Cleaning/Maintenance	12,645	(4%)	(3%)	\$14.71
Computer and Mathematical	8,094	2%	3%	\$37.01
Personal Care and Service	7,718	(4%)	(5%)	\$13.68
Architecture and Engineering	6,324	1%	1%	\$37.23
Community and Social Service	5,735	2%	2%	\$22.87
Protective Service	5,350	(5%)	(1%)	\$20.47
Arts, Entertainment, Sports, Media	4,405	(3%)	(1%)	\$21.11
Life, Physical, and Social Science	2,528	5%	1%	\$29.53
Legal	2,221	3%	4%	\$31.95
Farming, Fishing, and Forestry	1,802	5%	(1%)	\$15.67

Source: CBER, EMSI, 2020.1 – includes QCEW and Non-QCEW Employees.

<sup>2</sup>We simply provide figures to show employment change for each of the targeted industry groups (2019). Several sectors within the retail industry are also included since they make up a large portion of the regions employment base. This information can be found at the end of this document.

## (B) Knowledge and skills

The impact of COVID-19 recession has fallen disproportionately across the region's industries and occupations, similar to national and statewide trends. The severity of job loss has varied based on the nature of work and physical proximity to others, among other factors. Many low-wage low-skill jobs tend to be consumer-facing involving on-site site customer interactions. In this type of work environment, jobs are highly susceptible to state and local stay-at-home orders, as well as social distancing measures and are next to impossible to conduct remotely. On the other hand, jobs that have had an easier time migrating online and conducting work remotely typically tend to be high-wage high-skilled.

The COVID-19 pandemic and recession have accelerated existing trends. Even before the current disruption, technological change and the ways people work were already transforming the types of knowledge and skills needed to meet employer demands. All of this disruption makes it difficult to get an accurate picture of the occupations, knowledge and skill requirements that will be needed to meet future industry demand. Still, we can provide a current snapshot of in-demand jobs with low barriers to entry in terms of education levels and their respective skill and knowledge demands within the region.<sup>3</sup>

### Snapshot of In-demand occupations with low formal educational requirements

*THE FOLLOWING SNAPSHOT IS BASED ON DATA FROM ONLINE JOB POSTINGS AND SERVE AS A PROXY TO GAUGE REAL-TIME HIRING DEMAND. WHILE EVERY EFFORT WAS MADE TO MINIMIZE DISTORTION, THE FOLLOWING FINDINGS SHOULD BE REVIEWED WITH CAUTION SINCE IT IS LIKELY JOB POSTING DATA MAY STILL REFLECT SHUTDOWN EFFECTS THUS, A DISTORTED VIEW OF THE JOB MARKET UNTIL WE GET BACK TO FULL GEAR. INVESTMENT DECISIONS SHOULD NOT BE BASED ON WHAT WE'RE SEEING RIGHT NOW, UNLESS THEY CONFIRM PREVIOUS TARGETS (2019). IN OTHER WORDS, WORKFORCE DEVELOPMENT STRATEGIES SHOULD NOT CHANGE BASED ON THIS MOMENT IN TIME UNLESS THEY CONFIRM PRE-PANDEMIC FOCUS.*

Many of the in-demand occupations – including skills and knowledge – that have shown up since February of 2021 will not come as a surprise. They are reflective of the region's industry specializations and similar to occupations identified in the previous report (2019). A few new skills including customer experience (separate from customer service), detail oriented, and interpersonal communications have increased in demand since March 2020. However, overall demand is similar between periods including emphasis on soft skills – such as communication, problem solving and entrepreneurial thinking (Figure 3).

An increase in the number of job postings suggests the economy is reopening and confidence in recovery by businesses is leading to more hiring. As of March of 2021, the number of regional job postings for low barrier to entry jobs have increased by nearly 8,500 since April of 2020—an increase of 60%, which is higher than the increase for all job postings (52%) in the CCWI region.

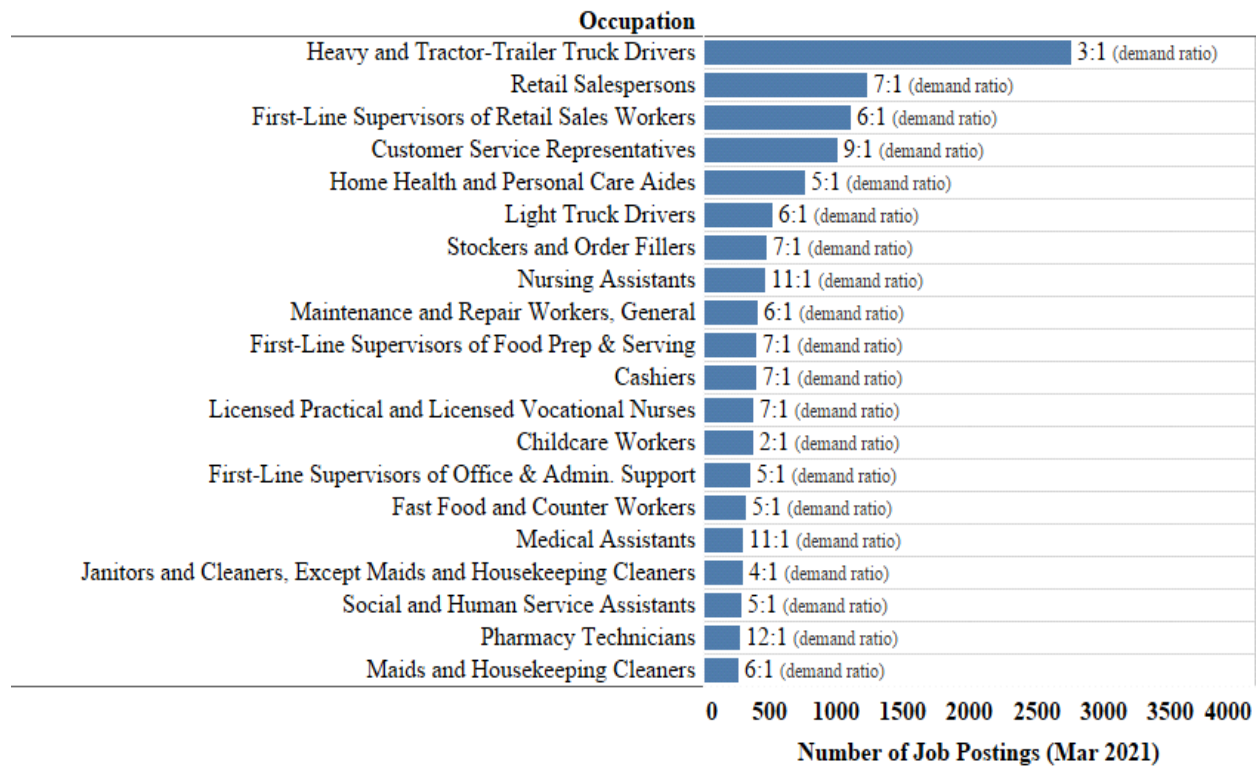
Employers seem to be having a hard time hiring pharmacy technicians, nursing assistants, and medical assistants as well as customer service representatives, medical secretaries & admin assistants, and food prep workers (Figure 2). Since the beginning of this calendar year, the latter occupations have had an average in-demand score of 6.5 or higher, which is above the regional average of 5. A higher posting intensity indicates businesses/companies may be trying harder to hire for the positions. Pharmacy technicians and medical assistants have experienced a significant surge in hiring, as measured by

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<sup>3</sup> A focus in the 2019 analysis is on in-demand, high-wage occupations with an associates or lower. In other words, in-demand occupations with low barriers to entry. Job posting data is used to provide a snapshot of in-demand jobs and their respective skill and knowledge demands as of Jan. 2021- Mar. 2021.

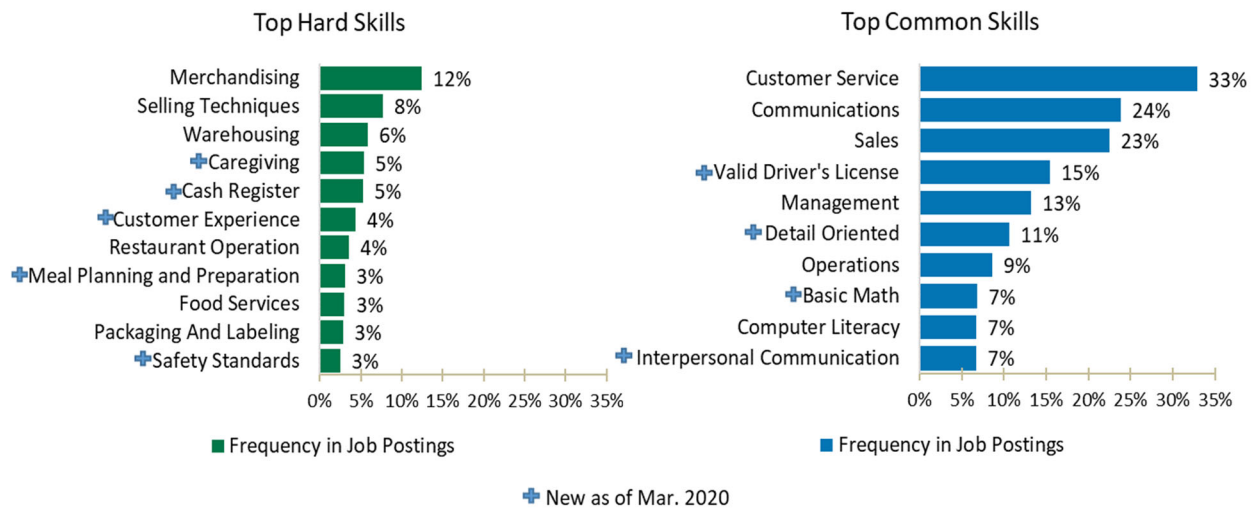
percentage change in average job postings from Apr '20 to Mar '21, likely adding to difficulties findings qualified workers.

**Figure 2: Top posted occupations with low formal educational requirements**  
*Associates Degree or Less*



Source: CBER, EMSI, 2020.1. Note: Occupation has a minimum of 250 job postings in Mar 2021 and employed 50 or more employees in 2019.

**Figure 3: Top skill and knowledge requirements of in-demand occupations with low formal educational requirements**



Source: CBER, EMSI, 2020.1

## (C) Workforce Conditions<sup>4</sup>

An older population and low population growth still restrict the labor market for the foreseeable future but an increase in the number of people moving from densely populated areas to more rural places like Maine during 2020 offers a glimpse of hope that the aging trend can be mitigated. The increase could have positive implications for the state's long-term demographic and labor force trends, also described in the 2019 update, but it is still too early to say how this will play out. The increase in people moving to Maine is supported by anecdotal evidence such as an increase in school enrollments in some districts as well as data from the Secretary of State's office, which recorded more than 80,000 new-to-Maine voter registrations in 2020, and the Maine Realtors' Association, which reported overall home sales increased by nearly 10% in the last year setting a record high of nearly 20,000 properties sold.<sup>5</sup> That type of out-of-state demand will likely put even more pressure on the region's housing market and thus workforce conditions especially as lower-paid workers and populations with employment barriers find it harder to get ahead.

### Unemployment & Labor Force Overview

From 2018 to 2020, the number of people employed in the region's labor force dropped by 5.6%, and varied by region (Table 3). Virtually all of this loss occurred during 2020, as the fallout from the global pandemic impacted Maine, the CCWI region and its comprised counties. An exception is Waldo County which lost 2.2% from 2018 to 2019 and 3.7% from 2019 to 2020 (Table 4).

The region's labor force declined during 2020 as unemployment rates increased (Table 4). Regional labor force participation dropped yet the overall rate for the region (63%) was higher than the state (60.1%).

**Table 3: Employment, 2020**

Geography	Employed, '20	% Change from '18
<b>CCWI Region</b>	<b>328,581</b>	<b>-5.6%</b>
Cumberland	152,368	-5.5%
Knox	18,481	-7.8%
Lincoln	15,516	-5.8%
Sagadahoc	18,348	-3.8%
Waldo	18,933	-7.7%
York	104,935	-5.4%
Maine	639,759	-5.4%

Source: MEDOL, CWRI, March 2021; MCBER

**Table 4: Labor force summary, 2020**

Geography	Labor Force		Unemployment Rate	Labor Force Participation Rate	
	Count, '20	% Change from '19		Rate, '20	% Change from '19
<b>CCWI Region</b>	<b>346,888</b>	<b>-3.0%</b>	<b>5.3%</b>	<b>63.3%</b>	<b>-3.0%</b>
Cumberland	160,863	-2.8%	5.3%	65.0%	-2.8%
Knox	19,535	-4.3%	5.4%	58.0%	-4.3%
Lincoln	16,386	-3.4%	5.3%	55.6%	-3.4%
Sagadahoc	19,259	-1.7%	4.7%	64.4%	-1.7%
Waldo	19,961	-3.7%	5.2%	59.9%	-3.7%
York	110,884	-3.1%	5.4%	63.7%	-3.1%
Maine	676,547	-2.8%	5.4%	60.1%	-2.8%

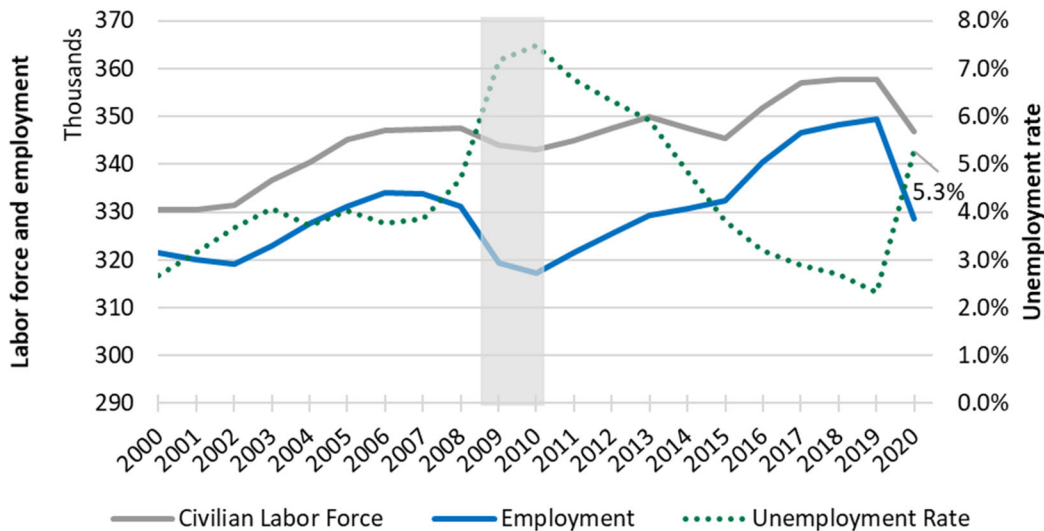
Source: MEDOL, CWRI, March 2021; MCBER

<sup>4</sup> Keep in mind, data is distorted by the pandemic and we won't fully know for another year or two what challenges persist in the labor market, which industries will resume growth, and which occupations will be in most demand.

<sup>5</sup>Bever, F. Maine's Housing Market Upended By New Residents Arriving During Pandemic. Maine Public. Mar 16 '21

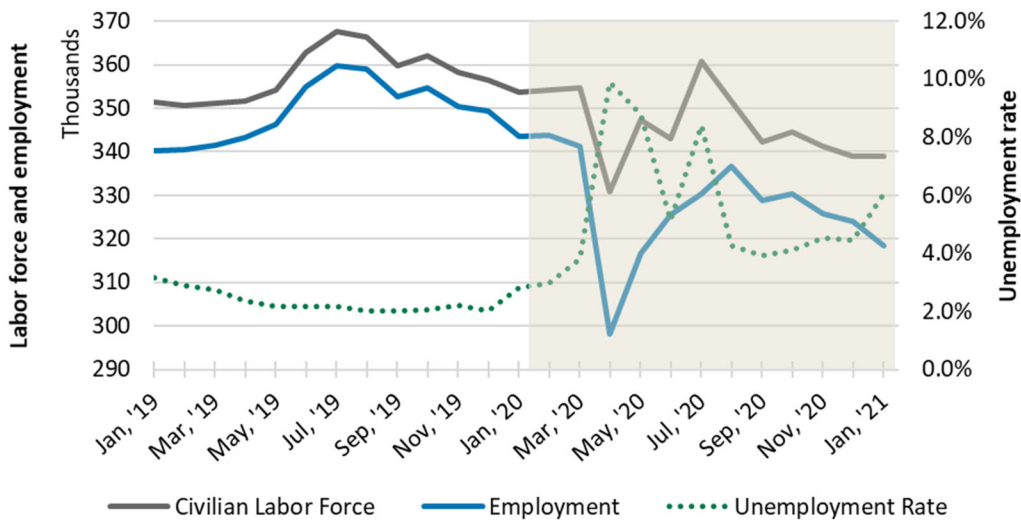
A look at the region’s annual labor force trends show a significant drop in the labor force and employment as unemployment rates significantly increased during 2020 (Figure 4). The unemployment rate was at its highest in April of 2020 as local and state mandated stay-at-home orders rolled out (Figure 5). Unemployment levels have since varied and are expected to drop back to post-COVID levels as the economy opens back up however overall uncertainty still remains.

**Figure 4: Annual labor force trends in CCWI region from 2011 to 2021**



Source: MEDOL, CWRI, March 2021; MCBER Note: highlighted section indicates the Great recession period

**Figure 5: Monthly labor force trends in CCWI region from Jan. 2019 to Jan. 2021**



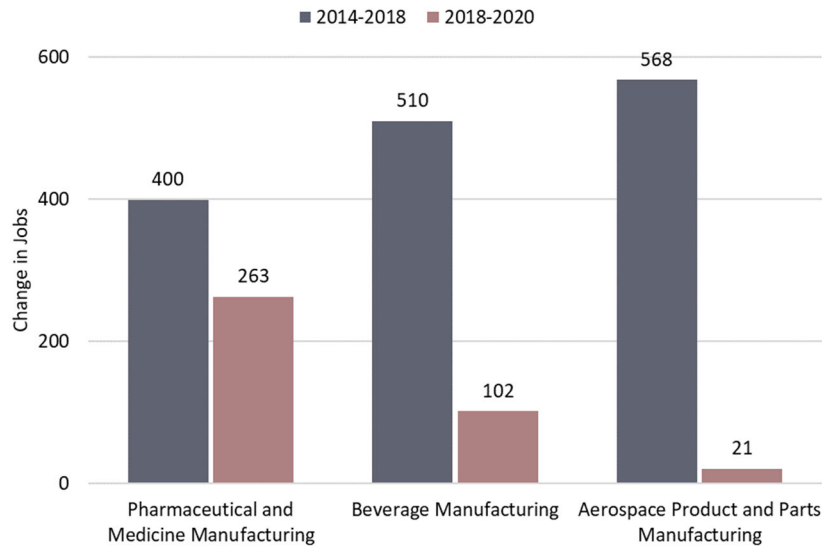
Source: MEDOL, CWRI, March 2021; MCBER. Note: highlighted section indicates COVID-19 recession period



## Supplemental Charts for Component A

### Manufacturing sector

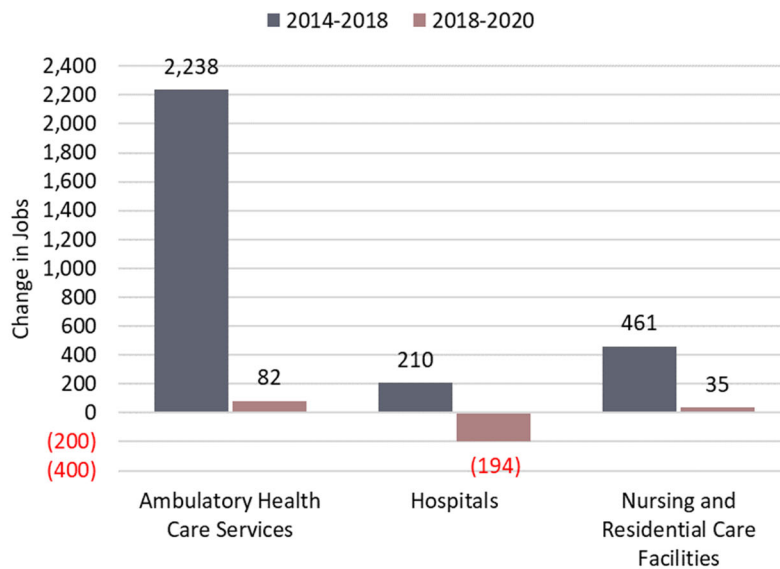
**Figure 6: Industry employment grow in manufacturing sector**



Source: EMSI, 2020.1 – includes QCEW employees and non-QCEW employees; MCBER calculations.

### Healthcare sector

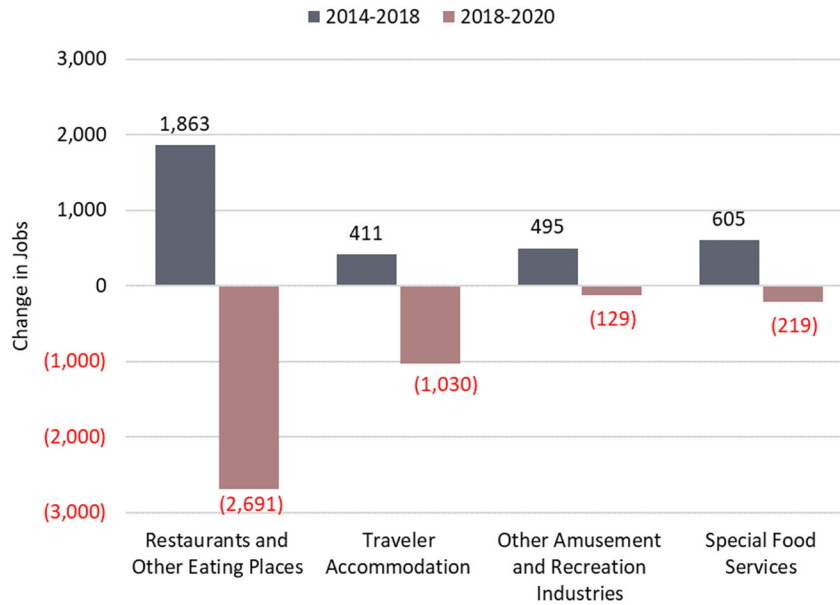
**Figure 7: Industry employment grow in the healthcare sector**



Source: EMSI, 2020.1 – includes QCEW employees and non-QCEW employees; MCBER calculations.

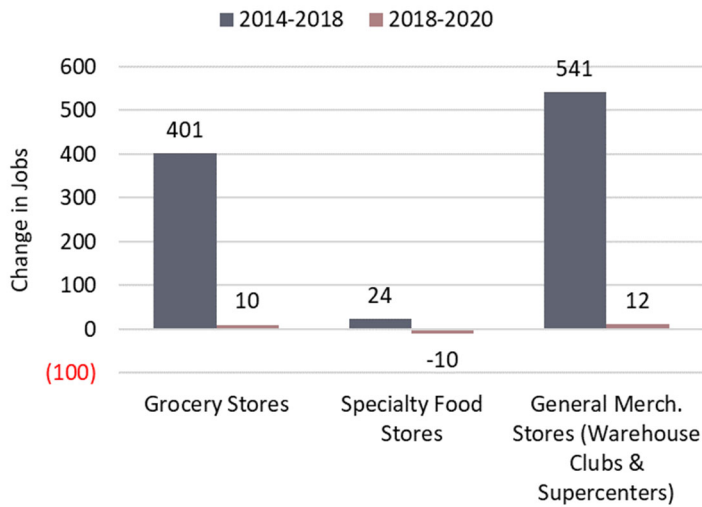
## Accommodations & food services sector (and retail)

**Figure 8: Industry employment grow in accommodations & food services sector**



Source: EMSI, 2020.1 – includes QCEW employees and non-QCEW employees; MCBER calculations.

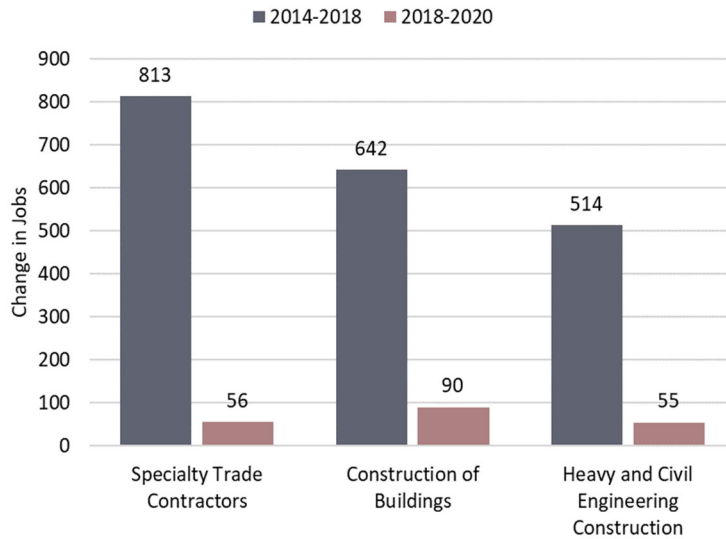
**Figure 9: Retail (select industries)**



Source: EMSI, 2020.1 – includes QCEW employees and non-QCEW employees; MCBER calculations.

## Construction sector

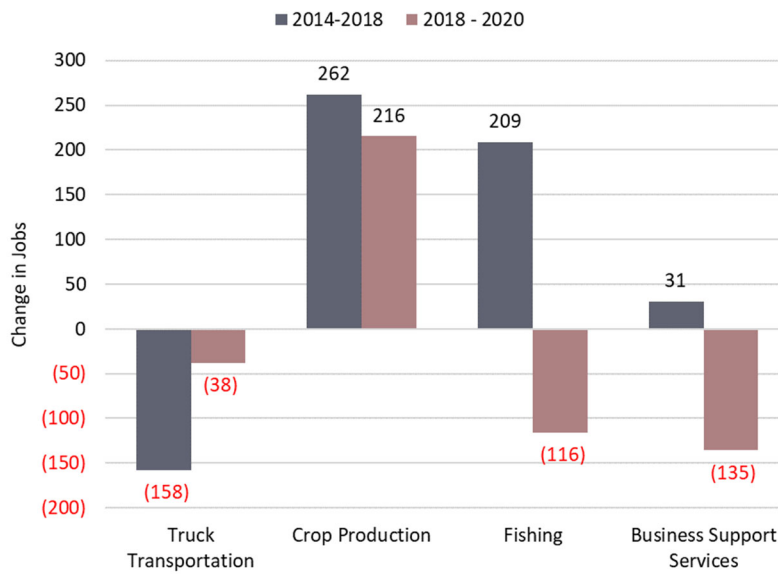
**Figure 10: Industry employment grow in construction sector**



Source: EMSI, 2020.1 – includes QCEW employees and non-QCEW employees; MCBER calculations.

## Other industries of significance

**Figure 11: Industry employment grow in other industries of significance**



Source: EMSI, 2020.1 – includes QCEW employees and non-QCEW employees; MCBER calculations.